

## Message Text

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47

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 H-02 AID-05 CIAE-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PRS-01 /059 W

----- 016397

R 211109Z AUG 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 9145

INFO AMEMBASSY ISLAMABAD

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E. O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHEMTEX/DUPONT CONTRACT NEGOTIATIONS FOR  
POLYESTER PLANT

REF KARACHI 1537

BEGIN SUMMARY: CHEMTEX NEGOTIATORS RETURNED TO  
KARACHI EARLY AUGUST TO COMPLETE DETAILED CONTRACT  
NEGOTIATIONS WITH FEDERAL CHEMICAL AND CERAMICS CORP  
LTD (FCCCL) ON POLYESTER PLANT. AFTER MORE THAN TWO  
WEEKS OF SPORADIC DISCUSSIONS NEGOTIATORS LEARNED THAT  
EVEN MORE TIME REQUIRED BY FCCCL TO COMPLETE DETAILED  
EVALUATION AND CONSIDERATION OF CHEMTEX/DUPONT DRAFT  
CONTRACT. CHEMTEX EXECS ALSO LEARNED THAT TORAY REP

STILL IN KARACHI AND TORAY PROPOSAL POSSIBLY BEING KEPT  
IN RESERVE IF C/D NOT CONSIDERED SUFFICIENTLY FLEXIBLE  
IN CONTRACT NEGOTIATIONS. C/D REPS HAVE ALSO HEARD  
RUMORS THAT OTHER COMPETITORS POSSIBLY CONTINUING TO  
EXERT INFLUENCE IN ISLAMABAD TO OBTAIN REVERSAL OF FCCCL  
DECISION IN FAVOR OF C/D PROPOSAL. PRESENT TIMETABLE  
NOW CALLS FOR FCCCL TO SEND REVISED CONTRACT TO CHEMTEX  
IN NEW YORK NEXT WEEK AND FOR CHEMTEX REPS TO RETURN  
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TO KARACHI IN EARLY SEPTEMBER FOR FINAL NEGOTIATIONS WHICH

WILL HOPEFULLY BE FOLLOWED SHORTLY BY CONTRACT SIGNING AND OPENING OF LETTER OF CREDIT. END SUMMARY.

1. CHEMTEX EXECS FRANK TONNIES AND THAKUR SHARMA ARRIVED KARACHI AUG 6 AND 9, RESPECTIVELY, FOR DETAILED NEGOTIATIONS ON DRAFT 100-PAGE CONTRACT FOR SUPPLY OF ENGINEERING SERVICES AND EQUIPMENT BY CHEMTEX/DUPONT FOR FCCCL POLYESTER PLANT. THEY QUICKLY LEARNED THAT NEGOTIATIONS AND CONTRACT SIGNING WOULD NOT BE COMPLETED IN SHORT ORDER AS ORIGINALLY HOPED SINCE CONTRACT MUST HAVE CLEARANCE FROM THREE GOP MINISTRIES: PRODUCTION, FINANCE AND LAW. IN ADDITION, CHEMTEX DRAFT CONTRACT BASED ON FORMAT ORIGINALLY PROVIDED BY FCCCL CONSIDERED UNSATISFACTORY AND REQUIRED EXTENSIVE REVISION. OVER PAST TWO WEEKS FCCCL TECHNICAL STAFF HAD BEEN WORKING TO REVISE CONTRACT AND PUT IN FINAL FORM FOR C/D APPROVAL, AS WELL AS APPROVAL BY VARIOUS GOP MINISTRIES. TONNIES AND SHARMA WERE SCHEDULED TO HOLD FINAL MEETING WITH EVALUATION COMMITTEE ON FRIDAY, AUGUST 22 BUT THIS MEETING CANCELLED AUGUST 20 SINCE ADDITIONAL TIME REQUIRED BY FCCCL FOR FURTHER REVISIONS.

2. DURING STAY IN KARACHI TONNIES DISMAYED TO LEARN THAT TORAY REP HAS BEEN CONTINUALLY IN THE CITY FOR PAST FOUR WEEKS. TORAY REP, WHO IS ACQUAINTANCE OF TONNIES, EXPLAINED HE WAS WAITING SINCE HE HAD BEEN TOLD BY FCCCL THAT "NO DECISION HAS BEEN MADE." FROM OTHER SOURCES TONNIES LEARNED THAT FCCCL HAS DRAFT CONTRACT FROM TORAY IN HAND AND TONNIES BELIEVES THAT TORAY PROPOSAL BEING KEPT IN RESERVE BY FCCCL IN CASE C/D NEGOTIATORS NOT SUFFICIENTLY FLEXIBLE IN MEETING REQUESTS FOR CTFNCESSIONS IN FINAL CONTRACT.

3. ALSO ON AUGUST 20 TONNIES HEARD RUMOR THAT OTHER COMPETITORS FOR POLYESTER PROJECT, PARTICULARLY GASMAN FIRM, MAY HAVE SUCCEEDED IN REOPENING FOR FURTHER CONSIDERATION ENTIRE MATTER THROUGH INFLUENTIAL CONTACTS IN ISLAMABAD. TONNIES UNABLE TO VERIFY THIS RUMOR BUT IS UNDERSTANDABLY CONCERNED.

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4. TONNIES AND SHARMA DEPARTED KARACHI AUGUST 21 SINCE THEY CONCLUDED IT FUTILE TO CONTINUE TO WAIT IN KARACHI FOR ACTION BY FCCCL TECHNICAL PERSONNEL WORKING ON REVISED CONTRACT. ACCORDING TO TONNIES, PROJECTED TIMETABLE NOW CALLS FOR REVISED CONTRACT TO BE AIRFREIGHTED TO CHEMTEX IN NEW YORK SOMETIME NEXT WEEK AND FOR CHEMTEX REPS TO RETURN TO KARACHI IN EARLY SEPTEMBER FOR FURTHER NEGOTIATIONS. FINAL CONTRACT WOULD THEN BE

FORWARDED TO VARIOUS MINISTRIES FOR APPROVAL AFTER WHICH  
CONTRACT WOULD BE SIGNED AND L/C OPENED.

5. COMMENT: CONGEN AND CHEMTEX REPS DISAPPOINTED  
AND SURPRISED AT CONTINUED DELAY IN FINALIZATION OF POLYESTER  
PROJECT, ESPECIALLY IN VIEW OF C/D'S OBTAINING DEFINITIVE  
LETTER OF INTENT IN LATE JULY. AT TONNIES' REQUEST, CONGEN  
PLANNING TO MAINTAIN LOW PROFILE OVER COMING DAYS  
WITH EXCEPTION OF POSSIBLE GENERAL INQUIRIES TO FCCCL  
CHAIMAN MAHMOOD AHMED ON "STATUS OF PROJECT."  
TIGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**To:** STATE  
**Type:** TE  
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